

Article - Insurance

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§16–305.

(a) On default of a premium payment due on a policy anniversary, any cash surrender value available under the policy, regardless of whether the cash surrender value is required under § 16-303 of this subtitle, shall be at least:

(1) the present value of the future guaranteed benefits, calculated as of that policy anniversary, that would have been provided under the policy, including any existing paid-up additions; less

(2) the sum of:

(i) the present value of adjusted premiums, calculated as of that policy anniversary in accordance with the applicable provisions of §§ 16-307 through 16-309 of this subtitle, corresponding to premiums that would have fallen due on or after the anniversary; and

(ii) the amount of any indebtedness to the insurer on the policy.

(b) (1) This subsection applies only to a policy that:

(i) by rider or supplemental policy provision, provides supplemental life insurance or annuity benefits at the option of the insured for an identifiable additional premium; and

(ii) is issued on or after the operative date of § 16-309 of this subtitle.

(2) On a policy subject to this subsection, the cash surrender value referred to in subsection (a) of this section shall be at least the sum of:

(i) the cash surrender value for an otherwise similar policy issued at the same age without the rider or supplemental policy provision; and

(ii) the cash surrender value calculated under subsection (a) of this section for a policy that provides only the benefits otherwise provided by the rider or supplemental policy provision.

(c) (1) This subsection applies only to a family policy that:

(i) defines a primary insured and provides term insurance on the life of the spouse of the primary insured that expires before the spouse's age 71; and

(ii) is issued on or after the operative date of § 16-309 of this subtitle.

(2) On a policy subject to this subsection, the cash surrender value referred to in subsection (a) of this section shall be at least the sum of:

(i) the cash surrender value calculated under subsection (a) of this section for an otherwise similar policy issued at the same age without term insurance on the life of the spouse; and

(ii) the cash surrender value calculated under subsection (a) of this section for a policy that provides only the benefits otherwise provided by term insurance on the life of the spouse.

(d) (1) This subsection applies to a policy of life insurance that is paid-up by completion of all premium payments or is continued under any paid-up nonforfeiture benefit, regardless of whether the cash surrender value is required under § 16-303 of this subtitle.

(2) On a policy subject to this subsection, the cash surrender value available within 30 days after a policy anniversary shall be at least the present value, calculated as of the policy anniversary, of the future guaranteed benefits, including any existing paid-up additions, reduced by any indebtedness to the insurer on the policy.

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